CHAPTER VII

REVIEW COMPLETION, CORRECTIVE ACTION, DISPUTE RESOLUTION, AND ANNUAL QC ADMINISTRATIVE DETERMINATION

1. Introduction. Monitoring of SESA Quality Control operations by the Regional Offices is a continuing process. It is pursued at intervals during the year for the purpose of assessing the status of the State agency in meeting the requirements of QC methodology and in its performance of QC case investigation. Regional Office review is of three types: Methods and Procedures (M & P) Reviews of SESAs (bi-annually), program reviews performed throughout the year, and a final review covering cumulative performance for the program year. Examples of the QC facets covered by progress and final reviews are: case investigation, SESA sample selection, and timeliness of case completion.

Except for Regional Office case reviews, other progress reviews will culminate in one of three possible findings by the monitor. These findings are:

- that the SESA meets the QC requirement(s);

- that the SESA does not meet the QC requirement but agrees to make corrections needed; and

- that the SESA does not meet the QC requirement and does not agree to make corrections needed.

Chapters II, III, IV, and V provide guidance for scheduling and conducting QC program reviews. This chapter describes action necessary on the part of the Regional monitor, subsequent to a SESA monitoring visit. This is to keep the SESA and National Office informed of adequate performance or to ensure that problems or exceptions that may be identified during reviews are dealt with so that the SESA's QC program meets QC requirements by the end of the program year. Such follow-up actions by the Region will generally lead to review completion. They also will result in the creation of a monitoring record of each SESA's developing QC operation, culminating each year in an Annual QC Administrative Determination of the SESA's overall QC program performance.

2. Achieving Review Completion. The review process is a series of assessments undertaken during the monitoring year to document and inform the SESA periodically about what progress it has made in meeting established QC methodology and procedural requirements. A review can be completed initially based upon acceptable progress review findings, or it may be completed following the outcome of successful corrective action or dispute resolution. Altogether, there are seven areas of SESA QC review: organization, authority, written procedures, standard QC forms,

SESA sample selection and assignment, timeliness of case completion, and case investigative performance.

When the finding of a final review or a progress review shows that the SESA meets (or is making progress that ensures that it will meet) applicable QC requirements, there are a number of steps to be followed by the monitor to ensure closure or completion of the review process. These steps are:

- Complete the appropriate QC review worksheet (e.g., QC-3, QC-4, etc.) and assemble adequate documentation to justify the review finding.

- Notify SESA of finding, usually in close-out conference between monitor and the QC supervisor. (SESA must be notified in writing of review findings at least semi-annually when there is adherence to QC requirements.)

- Summarize review findings.

- Maintain summary review notes and QC worksheets in Regional Office file.

- Report findings and appropriate explanation to the National Office in the quarterly comprehensive report. See Chapter VIII.

3. QC Corrective Action Process

a. Initiating the QC Corrective Action Process. When a monitor and the SESA agree that a problem exists in the QC program, and that corrective action is appropriate, it is necessary to define the scope of the problem. It may be confined within the Quality Control unit, or it may extend to UI program areas outside of the QC unit.

Each Regional monitor should have a clear understanding of Regional policy before engaging State UI personnel in planning QC corrective action. In some instances, it may be appropriate for the monitor to initiate the process with SESA staff while on site. In others, the appropriate procedure may be for the monitor to discuss the issue with the QC teamleader, other Regional Office program staff, and/or the UI Regional Director before undertaking the resolution of a problem with the SESA. This may be especially important in situations where the QC unit lies outside regular UI operations; e.g., Administrative Management Services, Research and Analysis, or Administration. Having made this determination, the monitor is ready to work with the SESA in the development of a corrective action plan.

b. Development of Corrective Action Plan (CAP). This process consists of three major steps: (1) research the subject and collect appropriate data and documentation; (2) determine actions most likely to result in the needed change; and (3) establish a written corrective action plan (CAP) with a schedule for the completion of each significant step.

The Regional Office staff should work cooperatively with the SESA in this undertaking.

(1) Research the Subject While on Site. Corrective action must be based on current, accurate information. It is necessary to identify individuals and/or units in the SESA with authority to take actions to correct problems which cannot be resolved by the QC supervisor.

The monitor should undertake discussions with appropriate SESA staff as early as feasible. He/she should also gather any written materials, such as State law, policy, and procedures, which may be involved in the corrective action decision.

(2) Involve Appropriate Staff in Corrective Action Planning. The decision as to what action to take in order to correct a problem rests with the State agency. Some decisions may be made by the QC supervisor; others may come from other SESA management staff. The Regional Office should be aware of the division of authority in the SESA and include the appropriate SESA management staff in corrective action planning and implementation.

(3) Establish Written Corrective Action Plan. Whenever a plan of action is agreed upon, it should be drafted and circulated to the appropriate SESA staff for review, concurrence, and signature. The plan of action should be supported by an implementation schedule or a time frame for completion.

When the action plan is completed and signed by appropriate SESA staff, it should be reviewed by Regional Office staff. If the proposed plan is satisfactory, the SESA should be notified of Regional Office concurrence and proceed with implementation.

c. Monitoring Corrective Action. The progress of the SESA's corrective action implementation must be monitored by Regional Office staff. On occasion, it may become necessary for a SESA to revise its corrective action plan in order to accommodate unexpected difficulties in internal staff or program developments. Regional monitors should secure documentation of such changes and report them to the Regional management.

(1) Documentation of the Corrective Activities. It is important to document SESA QC corrective actions as they occur. Case review visit notes and the quarterly Regional Office QC activity reports provide regular means of recording such SESA actions. Such documentation should cover all activities undertaken as well as modifications made subsequent to adoption of the plan. This may include a record of meetings, discussions, and decisions; dates for completion of specific actions, and descriptions of follow-up efforts which have occurred or may occur prior to the next review visit. Such a record should facilitate Regional Office staff working in concert to advise, monitor, and ultimately evaluate the corrective action measures of the SESA QC unit.

(2) Informing Other Regional Office Staff. Regional QC monitors should be aware of Regional Office responsibilities beyond Quality Control findings. Findings from QC may impact other UI responsibilities carried by other Regional staff. Therefore, Regional QC staff should remember to inform their UI colleagues of any SESA QC practices which warrant their attention. These staff may also be tapped for valuable knowledge and expertise in assisting SESAs in making program improvements based upon QC findings.

(3) Possible Outcomes of Corrective Action Initiative. Corrective action can result in different outcomes. Logically, the desired outcome is the achievement of QC program adjustments which will correct the problem. Once it has been clearly shown -- via Regional review -- that the SESA is now meeting QC requirements, the monitor will complete the appropriate QC worksheet to document the results in the Regional Office file.

Another outcome could be completion of a planned corrective action, without the desired results. If the SESA agrees to initiate further corrective action, the Regional Office should assist the SESA in a new corrective action effort.

A third outcome could be that the planned corrective action fails, but the SESA refuses to take further action. If this situation occurs, the Regional Office should proceed to dispute resolution. General guidance for dispute resolution follows in section 4.

4. Dispute Resolution

a. Types of Disputes. Occasionally Regional Office review of the Quality Control program will identify SESA practices which are inconsistent with QC requirements. If the SESA disagrees with the reviewer's findings, it is important that effort be made to resolve the dispute. Sources of disagreement between a

Regional Office and a SESA will likely fall into one of five categories.

(1) Adherence to Required QC Procedures. This type of dispute arises when the monitor finds that the QC unit is not following required QC procedures (and coding) in its program, and the SESA does not agree to make a correction. The regulation establishing the QC program at 20 CFR Part 602 provides the authority for required QC methodology and procedures. ET Handbook No. 395, Benefits Quality Control State Operations Handbook, Chapters II-VIII, set forth QC procedures and define the SESA responsibilities as mandated by Subpart C of the regulation.

(2) Adherence to Written State Law and Policy. A dispute of this type arises when a monitor tentatively determines that the SESA QC unit is not adhering to written State law or policy. A central requirement set forth in ET Handbook No. 395 is that "States' written laws and policies are the basis for all determinations".

(3) Interpretation of State Law and Policy. This type of dispute arises when the Regional Office perceives that the SESA QC unit may not be correctly interpreting State law and policy. This situation differs from (2) above in that it is likely to arise in situations where written State law and/or policy lacks specific operational definitions. In the absence of objective criteria to guide interpretation of State law and policy, monitors will apply the "test of reasonableness". However, the interpretation of State law is left to State officials. Therefore, monitors must follow the dispute resolution process (discussed in section c. below) for such disputes, only to the point of obtaining a written interpretation of the law section in question from the SESA administration.

(4) Conflict between State Law and Written Policy. A dispute of this category may not be a QC problem alone. When a conflict between State law and written policy involves State law only, follow the process as in (3) above.

(5) Consistency with Federal Law. A dispute of this type is one in which SESA QC practice is not in compliance with Federal law or regulation, even though there is conformity between State and Federal law. In such a situation, the Regional Office must ultimately refer the matter to the National Office for resolution.

b. General Practices to Enhance Regional Office - SESA Communication. To ensure as full communication as possible during dispute resolution proceedings, Regional monitors are urged to follow the practices noted below during resolution negotiation. The initial approach can be informal and need not be in writing. It should be undertaken between the Regional Office monitor and the QC supervisor in a spirit of cooperation. At times these discussions may be elevated to include the UI Director or his representative. If such discussion does not produce resolution, the monitor should resort to the following approaches:

(1) Discuss with the UIRD and/or Other Appropriate Regional Personnel. Monitors must inform other potentially interested Regional staff of the dispute. Some disputes may involve only QC procedures, but others may impact the UI program statewide.

(2) Conclude Dispute Resolution. When the Regional Office and SESA officials agree to resolution of the dispute, the preparation of adequate documentation (such as a revised written policy) by the SESA will confirm that the dispute can be considered resolved. However, further action may still be necessary on some occasions in the form of SESA corrective action and Regional technical assistance. The correction process, section 3. above, describes these procedures.

If the monitor is ready to conclude that the SESA position should prevail, then the review process should be carried to completion. (See section 2. a.)

(3) Document Resolution Outcomes. The Region should have an adequately documented record of any disputes that occur. The monitor will therefore prepare a summary of each dispute resolution in a memorandum to the file. The summary must include records of meetings/discussions, agreements about actions and schedules, and the outcome of attempted resolutions (e.g., new policies).

c. Resolve the Dispute. This process begins with a discussion between the Regional monitor and the QC supervisor. It may later move to include the UI Director and/or other high level SESA staff. There are several basic steps that the monitor will need to follow. Generally these are:

(1) Agree on Elements of Dispute. First, both parties must agree that a dispute exists. (For example, a situation may arise that appears to be in dispute, but upon discussion is found to be only a misunderstanding.)

To resolve a dispute, the specific elements that make up the dispute must be known. The more precisely these elements are defined, the easier they will be to address. Refine only the elements critical to the dispute, and avoid inessential matters. The monitor must clearly focus the discussion to highlight essential elements.

(2) Reach Agreement on Steps for Both Regional Office and SESA. Once the monitor and the QC supervisor have identified the key elements, they must construct a resolution framework. This begins with each party outlining a position, which has a basis in fact. (Differences of opinion over QC procedures are not considered "disputes", but must be forwarded in writing to the National Office for disposition.) Establishing a resolution framework may include additional steps. For example:

(a) Discuss with other Policy Units and Managers. Sometimes resolution of a dispute will require discussion with other units within the SESA. The QC supervisor may state that the source of the problem is with another unit which will not take necessary action on a QC case, or that QC cannot take specific action on a case because of a verbal policy established by another unit. To avoid misunderstandings that occur from second-hand communication, the monitor should approach these units directly (within established protocols) to determine the SESA's official position. Such discussion often provides clarification which eliminates the dispute. It also may serve to inform other units about QC and its operating principles.

(b) Obtain Written Policies and Procedures. A dispute commonly occurs when the QC supervisor states that the unit's actions are guided by SESA policy unknown to the monitor up to that time . If such SESA policies are official, they should exist in writing. Sometimes, "unofficial" policies and practices inconsistent with written State law/policy are not committed to writing. In other cases, search for a written policy may reveal that the "policy" is only prevailing practice.

(3) Resolve Dispute at This Point if Possible. If the above guidelines are followed, monitors and QC supervisors should be able to resolve most disputes. Upon successful resolution, the way is clear to proceed with either corrective action or review completion.

If resolution is not reached, it is generally wise to engage the UI Director, or his designee, in the effort.

d. Seek Resolution via Office of the UI Director. Generally, the monitor will seek the QC supervisor's assistance in engaging the UI Director in the resolution of a dispute. The same process pursued with the QC supervisor will generally be followed.

Generally it should be possible to settle QC disputes at the level of the Director. If necessary, other staff support from the Region should be provided to assist the monitor in this task. If resolution is still not possible, formal action may be required.

e. Elevation of the Dispute. When discussions with the UI Director are not fruitful, a more formal process must be introduced. This may take the form of written correspondence to the SESA in which the unresolved dispute is referenced. The letter must accurately present the elements of the dispute, justification for the Regional Office position, and the steps that have been taken to resolve the dispute, and request a written response from the SESA.

f. Refer to National Office. Disputes that raise issues of consistency with Federal Quality Control requirements which cannot be resolved directly by the Region, or that are so serious as to jeopardize the basic integrity of QC data or the QC program, must be referred to the National Office. Close cooperation should be maintained between the Region and the National Office in the decision that is reached.

5. Annual QC Administrative Determination. The annual administrative determination regarding a SESA's QC operations is made by the Regional Office at the end of the QC program (calendar) year. It comes as a culmination of periodic field review during the year by Regional Office monitoring staff.

a. Completion of the Annual QC Administrative Determination. The Annual QC Administrative Determination is based upon findings of Regional Office field reviews of various aspects of SESA QC operations throughout the calendar year. Chapters II, III, IV, and V provide instructions for conducting these reviews and for drawing conclusions about whether QC requirements are met by a given SESA.

Generally, the Regions should be able to conclude whether or not the SESA has met major QC requirement, based upon criteria presented in ET 396. A major exception is that of SESA case investigative performance, for which no standards have been established. In respect to case completion timeliness, the Annual Determination addresses only the 60-day and 90-day timeliness standards.

Because final annual reviews of case completion timeliness and methods and procedures take place in the first quarter of the successive program year, the Annual QC Administrative Determination should be completed in April following these delayed reviews. The monitoring schedule for each calendar year will provide for findings to be developed over varying periods of time, as detailed below:

Subject	Period Review Conducted
Methods and Procedures	January through March for SESAS being reviewed and on-going for all SESAs.
Timeliness of Case Completion	April of successive year for all SESA cases from batches in the prior calendar year.
SESA Sample Selection and Assignment	Quarterly during the year for SESA cases assigned January through December.
SESA Case Investigative Procedures	Periodically during the year for completed cases available to the monitor.
SESA Case Reopenings	On-going throughout the year.

Regional Offices will monitor SESA corrective action undertaken during the year to determine if satisfying outcomes are realized. Likewise, outcomes of dispute resolutions will be reviewed, with findings recorded in appropriate Regional Office SESA files.

The Annual QC Administrative Determination must be prepared in narrative form for each SESA. Worksheet QC-9 (shown on the next page) should be used in preparing the determination. The findings of this determination for the prior calendar year, covering the program areas identified in Table 1 above, must be communicated in a letter to the SESA Administrator by May 1.

(See Appendix H for a sample annual QC Administrative determination letter prepared for a SESA Administrator.)

A copy of each Annual Determination letter should be sent to the National Office (Attn: TEUQI). This letter should reach the National Office on or before May 15.

b. Worksheet. Facsimile of worksheet for Annual QC Administrative Determination.

QC-9 - ANNUAL QC ADMINISTRATIVE DETERMINATION

State_____ Date of Completion_____

Name of Regional Staff Person Completing Determination_____

Requirement	Regional Office Determination	
	SESA Adheres	SESA Does Not Adhere
Organization	_____	_____
Authority	_____	_____
Written Procedures	_____	_____
Forms	_____	_____
SESA Sample Selection	_____	_____
Timeliness of Case Completion	_____	_____
Investigative Procedures	NA	NA

If any requirement(s) is(are) not met, explain SESA status. Additional narrative and documentation should be attached to support the conclusion, if not previously transmitted.

_____

_____

Summary Determination:

SESA's administration of the Quality Control program

_____ meets _____ does not meet Federal regulations.

Comments: _____

_____

_____

(Use additional page if necessary.)

c. Regional Office Action Following Annual Administrative Determination. Depending upon the findings of the annual determination, the Regional Office may need to take further action with one or another of the State agencies in its jurisdiction. For example, if a SESA does not meet a Federal QC requirement, the Regional Office should review the history of the Annual QC Administrative Determination and take either of the following steps.

(1) Notify the State agency that it must prepare a corrective action plan (CAP) covering the failed requirement(s) to be submitted with its Program and Budget Plan (PBP). The CAP should specify measures to be taken for correcting the problem(s) in question, and provide projected dates for the completion of each step in the plan.

(2) Prepare a memorandum for the National Office presenting a history of the SESA's Quality Control operational performance and recommending review for possible initiation of UIS administrative proceedings to find the SESA out of compliance with the QC regulation.

Reference: 20 CFR Part 602, Subpart E, sections 602.41 and 602.42.